

Message Text

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15

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 INT-08 NSC-07 SS-20

STR-08 CEA-02 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01

DRC-01 /169 W

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R 221933Z MAR 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 1865

INFO AMCONSUL CALI

AMCONSUL MEDELLIN

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EO 11652: NA

TAGS: EMIN, CO

SUBJ: SALE OF IMC GOLD OPERATION TO COLOMBIAN PRIVATE SECTOR

REF: BOGOTA 8588, OCT 17, 73

1. COLOMBIAN PRESS OF MAR 21-22 CARRIES FRONTPAGE STORIES INDICATING SALE OF INTERNATIONAL MINING COMPANY GOLD OPERATIONS TO COLOMBIAN PRIVATE SECTOR SOON TO BE COMPLETED. EMB HAS DISCUSSED MATTER WITH LOCAL IMC OFFICIALS AND MINISTRY OF MINES AND CONFIRMED THAT SALE WILL BE BASICALLY ON TERMS INDICATED REFTEL.

2. COLOMBIAN COMPANY MINEROS COLOMBIANOS IS BEING FORMED TO PURCHASE IMC HOLDINGS. PRINCIPAL SHAREHOLDERS WILL BE GRUPO GRANCOLOMBIANO AND BANCO DE BOGOTA. PRESIDENT OF COMPANY WILL BE LUIS PRIETO OCAMPO, HEAD OF NATIONAL ASSOC OF INDUSTRIALISTS (ANDI). MIN OF MINES HAS APPROVED TRANSACTION AND NEW COMPANY AWAITING ONLY FORMAL REGISTRATION PROCESS BEFORE COMPLETING PURCHASE ARRANGEMENT.

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3. PURCHASE AGREEMENT INVOLVES 100 PERCENT OF CHOCO PACIFICO AT COST OF APPROX US 2 MILLION DOLLARS WITH 20 PERCENT DOWN AND REMAINDER PAYABLE FROM EARNINGS. IMC WOULD IN PRACTICE CONTINUE TO OPERATE MINE THROUGH TECHNICAL SERVICE CONTRACT. COLOMBIAN INTERESTS WOULD PURCHASE 60 PERCENT OF PATO (ONLY MINING ASSETS) FOR ABOUT US 8 MILLION WITH SAME PAYMENT TERMS AS FOR CHOCO PACIFICO. THIS SALE NOT YET CLEARED WITH PATO STOCKHOLDERS BUT IMC EXPECTS NO DIFFICULTY. SALE OF FRONTINO (AGAIN ONLY MINING ASSETS) ALSO BEING DISCUSSED BUT TO DATE ONLY IN PRELIMINARY STAGE. IMC WILL ESTABLISH PENSION FUNDS TO COVER ITS RESPONSIBILITY THROUGH SALE DATE, ALTHOUGH EMB UNDERSTANDS THAT LEVEL WILL BE SIGNIFICANTLY BELOW THAT ORIGINALLY SUGGESTED BY GOC.

4. IMC OFFICIALS EXPECT THAT ACTUAL TRANSFER OF CHOCO PACIFICO CAN TAKE PLACE IN ABOUT 30 DAYS WITH PATO TRANSACTION BEING COMPLETED BEFORE PRESENT ADMINISTRATION LEAVES OFFICE IN AUGUST. BASIC ASPECTS OF SALE HAVE, HOWEVER, BEEN CLEARED WITH BOTH LIBERAL AND CONSERVATIVE PRESIDENTIAL CANDIDATES.
VAKY

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Message Attributes

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Disposition History: n/a
Disposition Reason:
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